



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** April 20, 2010

**TO:** Mayor and Councilmembers

**FROM:** City Administrator's Office

**SUBJECT:** Introduction Of Ordinance For Extension And Amendment Of Supervisors Memorandum Of Understanding

### **RECOMMENDATION:**

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Amending Ordinance No. 5484, the 2009-2011 Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara City Supervisory Employees' Bargaining Unit (Supervisors' Unit).

### **DISCUSSION:**

The Santa Barbara City Employee Supervisors Association (Association) membership has ratified a tentative agreement with the City, reached in March, to amend the existing labor agreement. The new agreement extends the term of the existing labor agreement until June 30, 2011 and provides for up to 10% in labor concessions including:

One-time/temporary concessions:

- A 6.5% unpaid furlough in Fiscal Year 2011, and
- Suspension of the vacation cash out benefit in Fiscal Year 2011.

Ongoing/permanent concessions:

- Permanent relinquishment of the negotiated 1.5% salary increase Association members were scheduled to receive in April 2010, and
- A permanent reduction of \$95 per month to the City cafeteria plan allowance for Association members.

The agreement affects 80 first- and second- line supervisors throughout the City.

### Equity Clause

The agreement contains an "equity clause" which reduces the required labor concessions retroactively if the City ultimately agrees to a significantly lesser percent of labor concessions with the Police Union.

The equity clause addresses concerns from Supervisors regarding fairness. Negotiations with Supervisors were all but complete in fall of 2008 when the economic crisis hit. Supervisors, managers, and the SEIU General Unit agreed to a 5% unpaid furlough and suspension of vacation cash outs in Fiscal Year 2010 to help deal with the crisis. The police and fire bargaining units ultimately did not participate in concessions equally in Fiscal Year 2010, and this caused concerns about fairness when the City again approached the other employee groups asking for further salary and benefit concessions in Fiscal Year 2011. The equity clause contained in this agreement allows the Association to be the first labor organization to offer significant concessions, while still ensuring that its membership will not ultimately be asked to do more than the police employees this time.

From City negotiators' point of view, this clause allows the City to reach early commitment to needed labor concessions, while maintaining the flexibility the City needs to be able to agree to different concessions with other bargaining units, including the Police Association. Agreeing to lesser concessions with the Police Association will impact budget savings achieved under this agreement, but it remains an option.

Under the equity clause, if the City agrees to lesser ongoing concessions during its current negotiations with the Police Association, ongoing concessions for Supervisors will be reduced retroactively. Likewise, if the City agrees to lesser one-time/temporary concessions with the Police Association, one-time concessions for Supervisors will be reduced retroactively. Differences of less than a half percent will not trigger an adjustment. A table of examples of how this would work is attached (See Attachment).

As management identifies other options to fill the estimated \$8.9 million budget gap, the amount of labor concessions needed to avoid layoffs and unacceptable service cuts is changing. This will impact what the City asks from its other bargaining units, including the Police Association. It is likely, therefore, that concessions under this agreement will ultimately be less than the full 10%.

#### **BUDGET/FINANCIAL INFORMATION:**

Concessions under this agreement, if implemented at the full 10% level, would generate \$889,983 in labor cost savings Citywide in Fiscal Year 2011, with \$430,242 of these savings accruing to the General Fund. Actual budget savings under this agreement will not be able to be determined until negotiations with the Police Officers Association are complete.

**ATTACHMENT:** Equity Clause Examples

**PREPARED BY:** Kristine Schmidt, Employee Relations Manager

**SUBMITTED BY:** Marcelo Lopez, Assistant City Administrator

**APPROVED BY:** City Administrator's Office

**Supervisors Agreement- Fiscal Year 2011**

## Equity Clause Examples

Police Concessions		Adjustment		Supervisor Concessions		Comment on Adjustment
One Time	Ongoing	One Time	Ongoing	One Time	Ongoing	
7.5%	2.5%	0.0%	0.0%	7.5%	2.5%	Status Quo
7.3%	2.1%	0.0%	0.0%	7.5%	2.5%	Differences are de minimis (<.5%)
8.0%	3.0%	0.0%	0.0%	7.5%	2.5%	No adjustment upward
7.0%	2.0%	-0.5%	-0.5%	7.0%	2.0%	Reduce both one-time and ongoing
5.0%	0.0%	-2.5%	-2.5%	5.0%	0.0%	Reduce both one-time and ongoing
7.4%	1.0%	0.0%	-1.5%	7.5%	1.0%	Reduce ongoing (one-time is de minimis)
10.0%	0.0%	+2.5%	-2.5%	10.0%	0.0%	Convert ongoing to one-time
8.0%	0.5%	+0.5%	-2.0%	8.0%	0.5%	Convert part of ongoing to one-time
0.0%	0.0%	-7.5%	-2.5%	0.0%	0.0%	No concessions